

December 8, 1955

Management REPORT

CROWN ZELLERBACH CORPORATION announced today all-time record income, sales and production for the first six months of its fiscal year which ended on October 31, 1955, a month in advance of the effective date of the merger with Gaylord Container Corporation.

Net Income amounted to \$18,727,000, or \$1.63 a common share, compared with \$1.42 a share, for the corresponding period last year, an increase of 16%. Net income for the second quarter, an all-time quarterly high of \$9,928,000, exceeded the previous quarterly record ending July 31, 1955 by \$1,129,000 or nearly 13%. Sales for the six months' period totaled \$169,579,000 compared with \$154,044,000 for the first six months last year, an increase of 10%. Sales for the three months ended October 31, 1955 amounted to \$89,067,000 and exceeded the previous quarterly record established during the first quarter of this fiscal year by \$8,555,000, or 10.6%. Paper and Paperboard for the first six months totaled 603,669 tons -- 10% above the output of the first six months last year which was 549,008 tons.

In his regular quarterly letter to stockholders, Mr. J. D. Zellerbach, president of Crown Zellerbach, stated "incoming orders continue at high levels and we remain hard pressed to satisfy customers' demands. . . We expect to run our primary paper mills seven days a week, 24 hours a day. The immediate outlook is excellent."

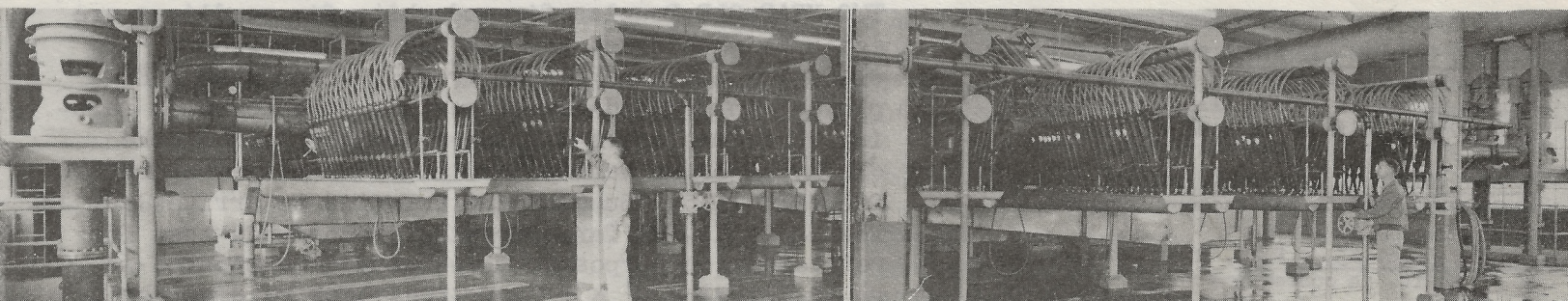
CHRISTMAS BOXES containing an assortment of CZ consumer products are being packed by No. 2 finishing crews, to be sent by the sales dept. as gifts to customers. As in previous years, a limited number of the gay, holiday boxes ready for mailing, will be available for sale to employees. Price and sale date are not yet established, but will probably be Friday, Dec. 16; price, slightly more than \$3.00. See next week's Management Report for details.

ANOTHER EMPLOYEE SIGNUP for the renewal of the contract with Camas Medical Service for the treatment and care of employees injured on the job is in progress. Supervisors circulating sign-up sheets are asked to get the signatures and return the sheets to the safety office before Jan. 1. The new contract has no new features, but approval by a majority of employees is required for its renewal.

WM. G. MC BROOM, cameron rewinderman, No. 1 finishing, retired December 1 with 35.6 yrs. service. The McBrooms live on West Evergreen highway. One son, Beryl, works in No. 1 finishing room.

RAINFALL last seven days - 1.59 in. Estimated total since Jan. 1, 51.26 in. River yesterday, 8.7 ft.

THE CENTRI-CLEANER INSTALLATION in the sulfite screen building is now in operation. Its function is to remove by centrifugal force bark particles from unbleached sulfite pulp. The operation begins with the pump (shown at left in picture below) located on the third floor of the screen room in the area formerly occupied by the riffles. This pump is our first use of a deep-well pump for the lifting of stock. Its shaft extends down to the sump on the second floor, and pumps the stock up through the cleaners (pictured). Rejected stock is forced along the flumes shown under the cleaning units through two successive rejecting processes, thus completing the cleaning and cutting down stock loss.



Dean Ritchey, sulfite shift foreman, in the first section, indicates height of installation, then moved to the farther end of the continuous installation to demonstrate action of control valve. Regular screen operators are Leo White, Marlin Stivison, John Olstad, and Phil Berg-

OF CZ'S 635,000 FOREST ACRES in the United States, less than 50 acres of timber have been destroyed by fire in the last three years. The story quoted below tells one of the probable reasons for this remarkable record.



If you looked down from an airplane on any of CZ's Northwest Tree Farms now you would see what looks like dozens of giant ant-hills on logged-over hillsides, many of them 50 feet or more across, and some of them burning. These white mounds are big piles of woody debris covered with a 3-ply asphalt-laminated kraft paper made at Camas.

During the summer months, limbs, stumps, brush and rotten logs which accumulate in any logging operation are pushed into piles near truck-loading sites in the woods, and covered with this heavy waterproof paper. When winter rains arrive and the wet forests are relatively free from fire hazard, slash kept dry by the paper is burned.

As new techniques for utilization of more of a tree are developed, slash burning will decrease. In the meantime, kraft paper, some 30 tons of it a year, helps protect the same forests where its fibers grew.

PAPER SCHOOL SCHEDULE

Tonight, Dec. 8, Third Year class, discussion of kraft mill, led by L.D. McGlothlin, supt. Fourth Year class, 8:30 P.M. (instead of regular 7:30 P.M. time), discussion of bag factory, printing, converting, napkin and waxing depts., Wm. Maxwell, S. Pauley, E. Ochs, and C. Harris. First Year class will not meet next week. Wednesday, Dec. 14, Second Year class, B. F. Warren, converting manager, "Paper Converting."

On Thurs., Dec. 15, the Third and Fourth Year classes will have second quarter examinations.

KNOW YOUR INDUSTRY MEETINGS

Friday, Dec. 9 - 11 A.M., B. Reese, yard and tram day shift in assembly room. 4 P.M., P. Wilkie, A shifts, kraft mill, steam plant, groundwood, sulfite, in assembly room.

Monday, Dec. 12, 4:30 P.M., Bill Beaton, bag factory day shift, bag factory lunchroom.

Tuesday, Dec. 13, 4 P.M., R. G. Stewart, Lab, No. 2 shift, in conference room.

Wed., Dec. 14, 3:30 P.M., Bill Beaton, bag factory swing shift, in bag factory lunchroom.

MOTION PICTURE PHOTOGRAPHERS spent Monday in the plant shooting scenes of a portion of our operations for a color TV film being prepared by Pacific Power and Light Co. They concentrated on shots in the bleach plant showing pulp in motion, No. 15 paper machine, and the napkin department.

THE DIGGING going on along the highway near the bag factory is for the relocation of water mains, the first step in the construction of three high-density storage tanks to be placed at the east end of the former research building. Both the fire mains and the water line from the clear well at the filter plant have to be relocated to clear the site. The change-over to the new mains is expected to take place before the end of the month.

CZ PORT ANGELES DIVISION achieved a new paper production record on Oct. 26 by turning out 525 tons. H. F. Carpenter, manager, reports

"The first heavy storm of the season came up suddenly last week, torrential rainfall being followed by a 60-mile gale. . . As a result of boom failures, at one time approximately 15 million feet in our storages were being held to shore by only two 1-inch boom chains, about 200 ft. of shore piling being pulled out."

THE SERVICE PIN DINNER DATE has been changed due to a conflict in Headquarters schedules. It is now definitely set for Thursday, Jan. 19, at which time, Mr. G. J. Ticoulat, vice president in charge of sales, will be here to present the awards.

SAFETY SLOGAN for December is "Safety throughout December, Will be something to remember." It was submitted by J. R. Mace, kraft mill.

THE PAY DAY before Christmas will be on Wed., Dec. 21, with no change because of the holiday.

THE BRANCH OFFICE of the Washington State Employment Security Dept. is open each Wednesday in the basement of the CZ Inn. J. F. McDonnell, manager, reports that yesterday's schedules were well filled with job seekers as well as follow-ups on unemployment claims. There are approximately 80 claimants for unemployment benefits scheduled to make their weekly reports at the Camas office.

TWO-YEAR-OLD Douglas fir and white fir seedlings are again being offered through the CZ timber dept. at \$1.00 for a bundle of 200 trees ($\frac{1}{2}$ cent each). Employees interested in reforesting idle acres or raising Christmas trees may leave their orders at the clockroom or at Ward's Feed Store sometime before Dec. 23, 1955. Bundles are expected to arrive Jan. 13. Theron Faris, CZ farm forester, recommends that for reforestation purposes, trees should be planted in plots allowing 8' x 8' per tree. For raising Christmas trees, spacing can be 5' x 5'.
